Establishing Priorities:

The Western Economic Research Agenda

May 2000

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This report was written by CWF Research Analyst Melissa Dickey and CWF Director of Research Dr. Loleen Youngman Berdahl. This report does not necessarily reflect the opinions of the Foundation's donors, subscribers or Council. Although funding for the Establishing Priorities Project was provided by Western Economic Diversification (WED), the report does not necessarily reflect the views of WED or the Government of Canada. The workshop findings reported within reflect the general tone and direction of the Establishing Priorities Workshop, and do not reflect the position of any one individual. Additional copies are available from the Canada West Foundation, or may be downloaded free-of-charge from the CWF web site (www.cwf.ca).

INTRODUCTION

A great variety of economic research occurs in Canadian universities, research institutes, corporations and government agencies. However, much of this research does not consider western Canada as a region, and as an important driving force in the Canadian economy. Recognizing this, and recognizing the importance of promoting and developing the economy of the West, the Canada West Foundation launched the Establishing Priorities Project, with the objective of establishing a western Canadian economic research agenda. The purpose of the agenda is to promote regional research, which in turn will promote informed policy debate and knowledge-based decision-making.

To create a foundation for the regional economic research agenda, three key questions were raised:

- Is there a need for a regional research focus?
- What are the necessary elements of a regional agenda?
- What steps are needed to create and promote a western Canadian economic focus?

In order to elicit informed answers to these questions, key western Canadian economic researchers were invited to participate in the Canada West Foundation's Establishing Priorities survey and workshop. As will be illustrated in this report, the findings of the survey and the workshop answer these questions and provide a clear direction for western Canadian economic research.

Western Canada contributes 31% of Canada's GDP and makes up 30% of Canada's population.

Source: Statistics Canada

ABOUT THE SURVEY

The first stage of the Establishing Priorities Project was a qualitative survey of western Canadian economists to assess the key current and future economic issues facing western Canada as a region. The purpose of the survey was to:

- establish the basis for a prioritized regional research agenda within the western Canadian economic research community; and
- encourage ongoing economic research that focuses on the western Canadian provinces.

Participants were selected for the survey based on their interest in western Canadian economic research. Names of participants were gathered through a number of means including: Internet research, contacts from the CWF database of western Canadian economic researchers, and snowball sampling. Maximum efforts were made to ensure representation from all four western provinces. In order to encourage responses from a cross-section of the economic community, participants were selected from a diverse organizational base.

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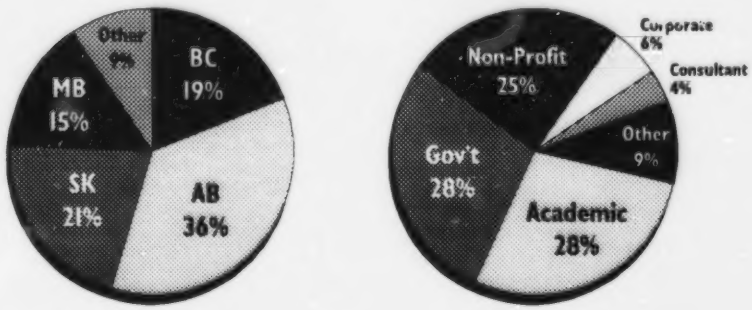
The Canada West Foundation distributed a mail survey to participants via e-mail and, if e-mail was not convenient to the participant, by fax. The first mail-out was February 1st, 2000. Follow-up electronic letters and phone calls were made in the third week of February.

Of the 103 individuals contacted, 53 responded, giving the survey a 51% response rate. All four provinces are represented in the sample, as are a variety of organizational backgrounds (see Figure 1).

Figure 1:
Proportion of Respondents by Province and Organizational Background



Source: Establishing Priorities Survey

Key Economic Research Question:

"Has western Canada reached the population base and economic situation needed to be self-sustaining?"

-- Manitoba economist

The survey was divided into two sections. The first section, Establishing Priorities for Western Canadian Economic Research, was designed to prioritize the main focus of regional economic research. The second section, Facilitating Regional Research, allowed participants to rate the adequacy and availability of regional economic research. Space was provided to comment on various options to improve data collection, research dissemination and networking in the region.

ABOUT THE WORKSHOP

The second stage of the Establishing Priorities Project was a workshop held in Calgary, Alberta on March 23 and 24, 2000. The workshop provided a forum whereby regional economists could discuss specific western Canadian economic research questions relating to the research topics prioritized in the survey. The objectives of the workshop were to:

- develop specific western Canadian economic research questions; and

- create an opportunity for regional economists to network and discuss mechanisms to promote regional economic research.

On the survey, respondents were asked to indicate their interest in the Establishing Priorities workshop. Of the 53 respondents, 29 stated an interest in the workshop. Formal invitations to the workshop were sent to potential attendees based on this information. Federal government representatives were also invited to facilitate networking and learning between policy makers and researchers.

There were a total of 33 workshop participants. Three of the participants were from British Columbia, 16 were from Alberta, six were from Saskatchewan, six were from Manitoba, and two were from Ottawa. Every effort was made to encourage equal provincial as well as organizational representation. However, due to time conflicts certain groups -- such as the non-profit sector -- were under-represented.

Registration and an opening reception took place on the evening of March 23rd. To set the tone for the workshop, Canada West Foundation President and CEO Dr. Roger Gibbins presented the survey findings. Participants were also asked to think of the most pressing economic research issues facing western Canada today so that the answers could be presented during the workshop (highlights are presented in sidebars throughout this report).

The workshop began the next day with opening remarks from Dr. Roger Gibbins and Brant Popp, Acting Director of Policy, Western Diversification Headquarters. The day was then divided into two break-out sessions and a plenary discussion for all participants.

Break Out Session One: Identifying Key Regional Research Questions. Participants were divided to ensure organizational and provincial representation. The objective of this session was to build upon the key economic research topics identified in the survey results.

Break Out Session Two: Reconciling the Regional Research Agenda with Provincial Needs. Participants were divided according to the provinces they represented. The objective of this session was to place the regional economic research questions into their provincial contexts.

Plenary Session: Moving Forward: Promoting Regional Research. This session was designed to generate discussion on promoting regional research.

The wrap up session included a summary of the day's findings and an opportunity for participants to discuss how to move the western Canadian economic agenda forward.

Key Economic Research Question:

"How do we identify the most important cross-cutting economic issues?"

-- Saskatchewan economist

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As noted above, the Canada West Foundation developed a two-tier system by which to ascertain the necessary elements of a western Canadian economic research agenda. The survey results identified key research topics and issues, which then informed the workshop discussions.

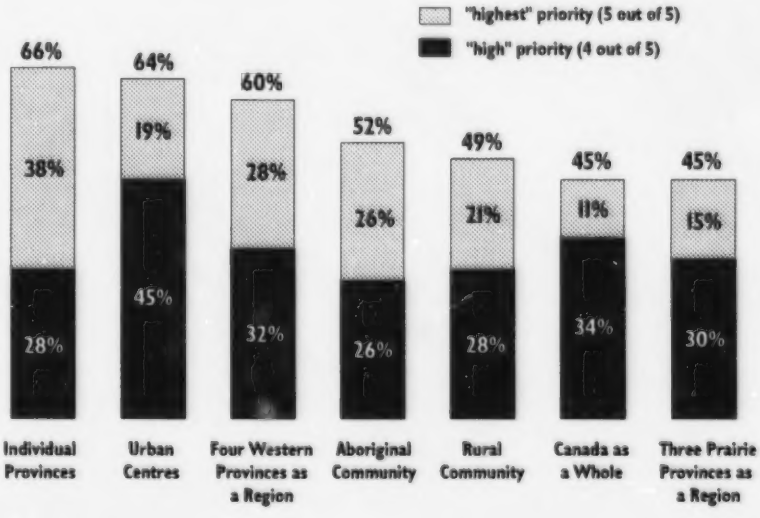
In order to discover if focusing on the development of a western Canadian regional economic research agenda is in line with current economic thinking, survey respondents were asked to prioritize the importance of research on a number of regions. These included: individual provinces, urban centres, the four western provinces as a region, Aboriginal communities, rural communities, Canada as a whole, and the three prairie provinces as a region. According to the results of the survey (see Figure 2), the four western provinces as a region ranked within the top three research priorities. This further illustrates the need for a regional economic research agenda.

Key Economic Research Question:

"How do we ensure that the West has the workforce necessary to be competitive in a global, knowledge-based economy?"

— Manitoba economist

Figure 2:
Proportion of Respondents Indicating the Following Regions are High Research Priorities



See Table 1 in the Appendix for the results by province. Source: Establishing Priorities Survey

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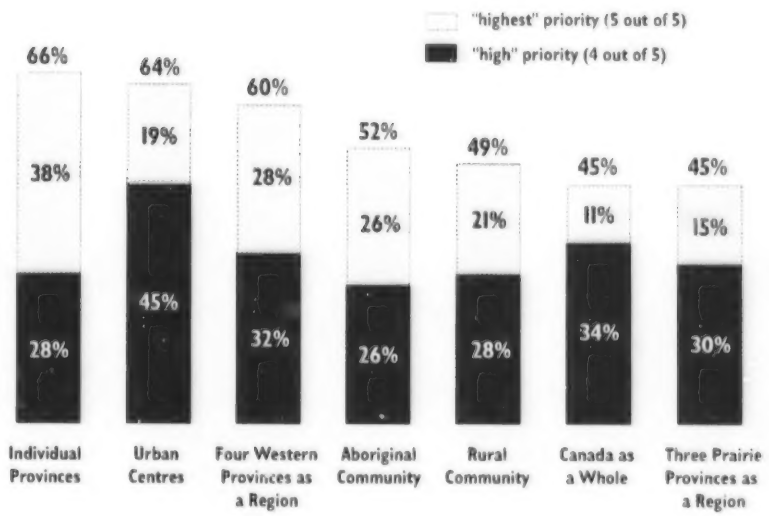

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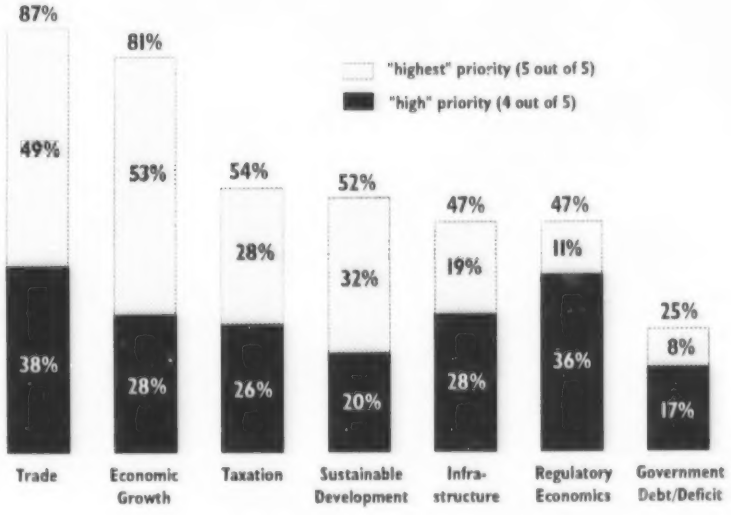
Survey respondents were then asked to consider western Canada as a region, and to rate the priority of research on each of the following topics: trade, economic growth, taxation, sustainable development, infrastructure, regulatory economics and government debt/deficit. Two topics -- trade and economic growth -- emerge as key regional priorities (see Figure 3).

Figure 3:
Proportion of Respondents Indicating the Following Topics are High Research Priorities



See Table 2 in the Appendix for the results by province. Source: Establishing Priorities Survey

Key Economic Research Question:

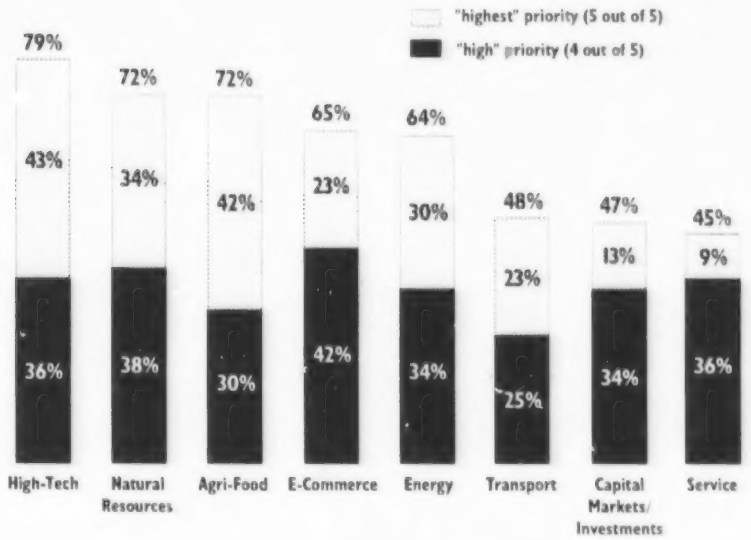
"How competitive is the West as a region?"

-- Alberta economist

Survey respondents were next asked to rate the research priority of several western Canadian industries. The high-tech, natural resource and agri-food industries emerged as the top research priorities (see Figure 4 on the following page).

Figure 4:

Proportion of Respondents Indicating the Following Industries are High Research Priorities



See Table 3 in the Appendix for the results by province. Source: Western Canadian Economic Research Agenda Survey

Key Economic Research Question:

"What is the West's changing role in the new economy?"

— Alberta economist

Survey findings indicate that there is a large potential for a successful western Canadian economic research agenda. While certain priorities are province-specific, such as the emphasis Alberta respondents place on taxation, there are ample opportunities to create a common and workable vision for a regional agenda.

The results of the survey set the stage for the establishment of a western Canadian economic agenda. After studying the results of the survey, the following question became the focus of the workshop: **what is the strategic position of western Canada in the new economy?**

Workshop participants first addressed this question by looking at where western Canada has been over the last ten years, and deciding where western Canada should be ten years from now. Participants strongly agreed that

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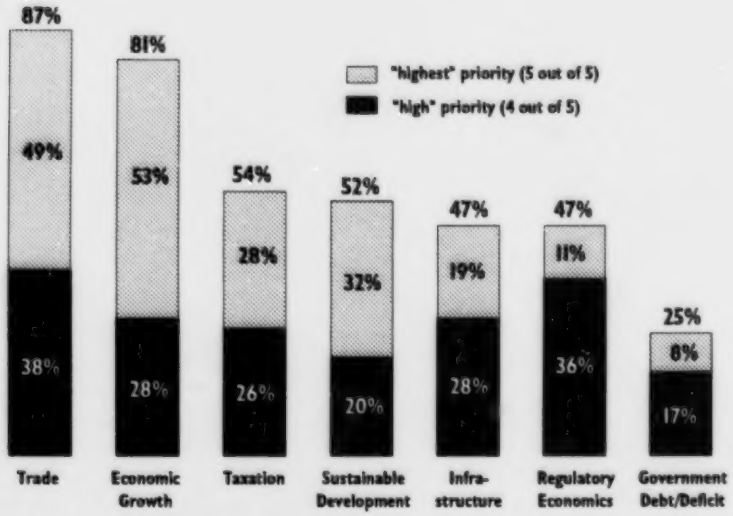

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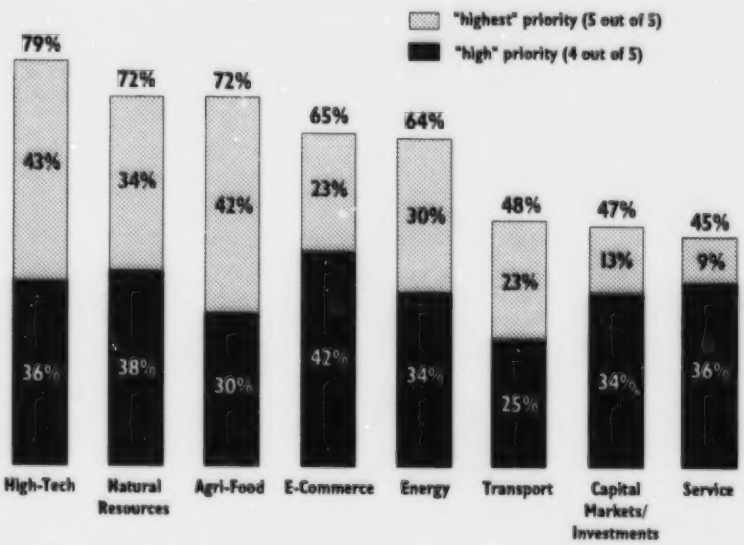

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in the current context of globalization, western Canada should attempt to develop linkages between the traditional resource-based economy and the new knowledge-based economy in order to achieve global competitiveness and economic success. While western Canada has the opportunity to become a world-class economic region, a comprehensive research agenda is needed to understand the structure of the current western Canadian economy and identify the potential drivers of the future economy.

In this context, participants argued, it is important to go beyond the traditional means of developing a regional economic research agenda. Participants felt that a complete and proactive research agenda should be based on a study of data from different sectors. This study would establish what is needed in terms of economic research and pinpoint specific enablers, such as venture capital, entrepreneurship, e-commerce and education. In other words, the interaction and linkages between enablers and industries, as well as enablers and economic growth, should be studied. It was felt that this initial research would not only inform a regional research agenda, but also assist with regional economic development. The study could identify how enablers can be used to direct the positioning of western Canada in the new economy and how all segments of western Canadian society and geography can be utilized to their utmost economic potential in order to maximize western Canada's unique competitive advantage. While participants felt that an ideal research agenda would be based on sectoral analysis and a study of enablers, they were able to identify a set of key research questions at the outset.

Key Economic Research Question:

"Innovation has both a regional and economic basis. It is important to know more about innovation in the West and the specific factors affecting innovation."

-- British Columbia economist

KEY RESEARCH QUESTIONS

I. WHAT IS THE CURRENT WESTERN CANADIAN ECONOMIC SITUATION IN TERMS OF:

- **ECONOMIC GROWTH?** How is western Canada positioned economically? What are its strategic strengths and weaknesses?
- **ECONOMIC DEVELOPMENT?** Where do western Canadians want to be economically?
- **DISTRIBUTION OF WEALTH?** How are different segments of the western Canadian population faring economically?
- **DEMOGRAPHICS?** Who is living where in western Canada, and why? How is the demographic character of the region being transformed, and what are the economic effects?
- **HUMAN MOBILITY?** Who is leaving western Canada, who is staying, and who is entering? What is the net effect of immigration, inter-provincial migration, and emigration?
- **RESOURCE INDUSTRIES?** How can we blend a conventional resource-based economy with an emerging knowledge-based economy?

2. WHAT ARE THE ECONOMIC LINKAGES WITHIN THE WEST, AND BETWEEN THE WEST AND OTHER REGIONS/COUNTRIES?

- **COMPETITIVE LINKAGES.** Is western Canada economically competitive with other Canadian regions? With other countries?
- **ORGANIZATIONAL LINKAGES.** Is western Canada considered a globally competitive region that attracts business?
- **INVESTMENT LINKAGES.** Should public policies be developed to promote investment in the region, or should the market prevail?
- **TRADE LINKAGES.** Does western Canada need to improve its interprovincial and/or international trade corridors?

Key Economic Research Question:

"We have to find the intersection between important research topics."

-- Manitoba economist

3. WHAT IS THE ROLE OF ENABLERS (E.G., VENTURE CAPITAL, E-COMMERCE) IN THE WESTERN ECONOMY?

- **INFRASTRUCTURE CAPITAL.** Does the region have an adequate transportation infrastructure to support resource-based industries and to support knowledge-based industries?
- **SOCIAL CAPITAL.** Does the region have sufficient social capital to attract and retain knowledge-based industries?

4. WHAT IS THE NATURE OF THE NEW ECONOMY (E.G., E-COMMERCE, EXPANDED INTERNATIONAL TRADE) AND WHAT IS ITS IMPACT ON:

- **MARGINALIZED (RURAL, NORTHERN) AREAS?** How will the people of the North and rural communities engage the new economy?
- **ABORIGINAL PEOPLES?** How will the growing Aboriginal population prosper within the new economy?
- **THE ENVIRONMENT?** How will issues such as climate change and sustainable development shape the new economy?
- **QUALITY OF LIFE?** How will the quality of life be measured in the new economy?

- **DISTRIBUTION OF WEALTH?** Will the gap between higher and lower income Canadians increase, decrease, or remain the same in the new economy? Will regional disparities increase or will they be moderated?

5. **WHAT IS THE ECONOMIC FUTURE OF THE WEST AND CAN WE ENHANCE THE POSITION OF THE WEST IN THE NEW ECONOMY BY:**

   - **CREATING PARTNERSHIPS AMONG GOVERNMENTS?** What type of partnerships can be established that further link regional municipalities?

   - **BUILDING INTER-PROVINCIAL RELATIONSHIPS?** What type of partnerships should be established among governments within the region to improve the position of the West in the new economy?

   - **CHANGING RELATIONS WITH FEDERAL INSTITUTIONS?** What type of relationship with the federal government would most benefit western Canada as a region? How can the federal government best facilitate the strategic position of the West within the new economy?

Key Economic Research Question:

"How should western Canada platform itself to be part of the knowledge-based economy?"

-- Saskatchewan economist

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In order to encourage ongoing economic research, it is important to assess the current state of, and access to, regional economic research data and to create spaces within which economic researchers can share information. This point was strongly stressed through survey results and during workshop discussions.

For example, survey respondents were asked to rate the quality of available regional data according to specific economic topics. This information outlines potential problem areas that should be worked upon to improve western Canadian economic research.

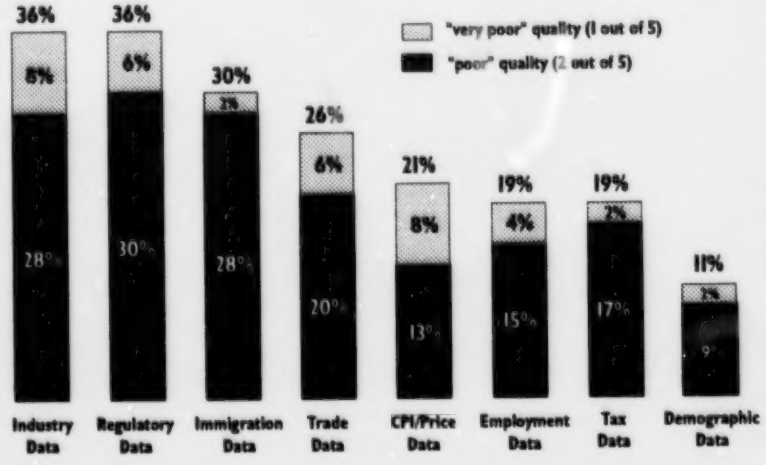
The overall responses indicate that some regional data -- specifically industry and regulatory data -- are poor quality and difficult to access. Findings indicate that demographic data are of relatively high quality and easily accessible (see Figure 5).

Key Economic Research Question:

"The West is in need of baseline data collection so we know where we are and where we are going."

-- Manitoba economist

Figure 5:
Proportion of Respondents Indicating the Quality of Available Regional Data in the Following Areas is Poor



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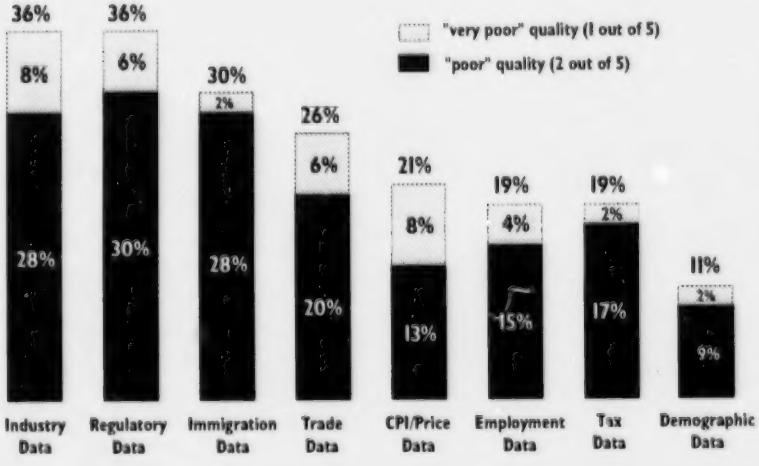
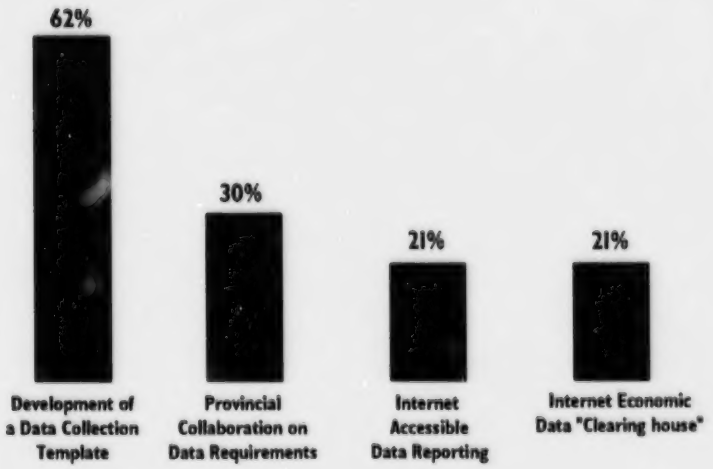


Source: Establishing Priorities Survey

Survey respondents also felt that the development of a data collection template would help improve data collection and dissemination across the four provinces (see Figure 6). Findings indicate that both an electronic research database and increased funding for regional economic research would be effective options in promoting regional economic research.

Figure 6:
Proportion of Respondents Who Agree that the Following Steps Should be Taken to Improve Data Collection and Dissemination



Source: Establishing Priorities Survey

Key Economic Research Questions:

"Networking is needed to avoid duplication of information so that the West can identify coming economic trends and changes."

-- Alberta economist

The importance of current high quality data for promoting regional economic research cannot be overstressed. In fact, the importance of this issue is probably more widespread than the survey data suggest. Numerous mechanisms can be used to create a space -- physical or cyber -- within which pertinent research can be gathered in an accessible and common format. Developing a network of western Canadian economic researchers can promote regional research, avoid duplication of research, and fill research gaps. Combined, researchers will be able to build a regional database and foster an evolving research forum.

Workshop participants stressed at length the importance of networking and accessible regional data, and generated a number of specific recommendations to this end.

TYPE OF DATA

- A new set of indicators that includes traditional data, performance measures, trendlines, enablers, baselines and benchmarks should be developed.
- In order to provide a clear picture of the current regional economic situation, micro-level analysis is required.
- Models of analysis should include "report cards" on where western Canada is relative to the rest of Canada, and to other regions in the world.

Key Economic Research Question:

"How can we work together and share information on an ongoing basis?"

-- Saskatchewan economist

DATA COLLECTION

- "Best practices" for data collection should be identified to avoid duplication.
- Data should be regularly updated.
- Statistics Canada should release information on a timely and affordable basis. The high cost of Statistics Canada data was particularly criticized, and was identified as an area where WED mediation might be useful.

DATA DISSEMINATION

- A clearing house should be established to enable the rapid and productive exchange of information among researchers.
- Mechanisms should be established to engage the public on the multiple levels of the regional research agenda. At the present time the public may be familiar with the issues, but is not engaged in the dialogue.
- A virtual national library to identify documents and locations should be established. Federal data and reports were recommended as the starting point for this library.

- A western Canadian economic journal designed to disseminate policy-relevant research to the public in a digestible format should be published.

NETWORKING

- A shared electronic space would help sustain discussions on the western Canadian economic research agenda and would broaden the range of participants.

FUNDING

- New sources of funding should be established to encourage neutral and objective research.

"Excellent session -- sustaining the dialogue is key."

-- Saskatchewan economist

CONCLUSION

Results of both the survey and the workshop positively identified a need for a regional economic focus. The survey outlined key traditional regional research topics, while the workshop participants thought "outside of the box" to address the strategic position of western Canada in the new economy.

By looking at where western Canada as a region has come from over the last ten years, and where western Canadians want to be in the next ten years, key societal, environmental and economic issues come to the surface. Integrating provincial links with these crosscutting issues is a means by which economic research can contribute to regional prosperity in a rapidly changing national, continental and global economy.

NEXT STEPS

The Canada West Foundation has developed a directory of western Canadian economic researchers. It is an inclusive but not exhaustive list of researchers who focus on western Canadian economic issues. This directory should be expanded, and can be used as the vehicle for future research collaboration (web sites, discussion groups, workshops, consultations with governments). In evaluations, a number of participants expressed an interest in attending future workshops of a similar nature. Many workshop participants also expressed an interest in starting a multi-year western Canadian integrated research program that combines data collection with research.

"This is a very important venture -- continuing workshops on this theme is important."

-- Alberta economist

It is important that the momentum created by the Establishing Priorities Project be sustained. The West faces great opportunities and significant challenges in the new economic environment. If those opportunities are to be realized and the challenges met, it is essential to apply regional economic expertise to the task. ■

APPENDIX

Table 1: Provincial Breakdown of Respondents Indicating that the Following Regions are High Research Priorities							
	Individual Provinces	Urban Centres	West as a Region	Aboriginal Community	Rural Community	Canada as a Whole	Prairies as a Region
BC	70%	80%	50%	53%	40%	50%	20%
AB	68%	63%	63%	37%	37%	63%	48%
SK	63%	45%	55%	82%	82%	27%	91%
MB	62%	88%	76%	63%	25%	38%	75%
Other	60%	40%	60%	40%	80%	20%	40%

Table 2: Provincial Breakdown of Respondents Indicating that the Following Topics are High Research Priorities							
	Trade	Economic Growth	Taxation	Sustainable Development	Infra-structure	Regulatory Economics	Gov't Debt/ Deficit
BC	100%	80%	70%	40%	40%	80%	50%
AB	79%	79%	74%	63%	58%	43%	37%
SK	92%	82%	54%	45%	18%	36%	0%
MB	100%	100%	0%	63%	76%	50%	0%
Other	60%	60%	40%	40%	40%	20%	20%

Table 3: Provincial Breakdown of Respondents Indicating that the Following Industries are High Research Priorities								
	High-Tech	Natural Resources	Agri-Food	E-commerce	Energy	Transport	Capital Market	Service
BC	90%	80%	40%	70%	50%	40%	50%	60%
AB	85%	68%	79%	79%	74%	48%	63%	31%
SK	64%	73%	90%	36%	64%	54%	27%	45%
MB	88%	63%	88%	63%	51%	63%	50%	50%
Other	60%	80%	40%	60%	80%	40%	20%	60%